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Attorneys for Plaintiff HANDI QUILTER, INC.

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH**

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| HANDI QUILTER, INC., a Delaware corporation, Plaintiff, vs. GRACEWOOD MANAGEMENT, INC., a Utah corporation, Defendant. | Civil No. 2:16-cv-01101-BCW COMPLAINT FOR DECLARATORY JUDGMENT OF NONINFRINGEMENT Chief Magistrate Judge Brooke C. Wells |
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Plaintiff Handi Quilter, Inc. (“Handi Quilter”) complains against defendant Gracewood Management, Inc. (“Gracewood”) for the causes of action alleged as follows:

The Parties

1. Plaintiff Handi Quilter, Inc. is a Delaware corporation with its principal place of business located at 501 North 400 West, North Salt Lake, Utah 84054.
2. Gracewood is a Utah corporation with its principal place of business located at 2225 South 3200 West, West Valley City, Utah 84119.

Jurisdiction and Venue

3. This action (the “Action”) arises under the Patent Laws of the United States, 35 U.S.C. §100 et seq. As such, the Court has subject matter jurisdiction over this Action under 28 U.S.C. § 1338. Inasmuch as this Action involves a federal question, subject matter jurisdiction is likewise conferred by 28 U.S.C. §1331.

4. This Action involves a case of actual controversy within the Court’s jurisdiction. As such, the remedy of a judicial declaration of the rights and other legal relations of the parties herein is available under the Declaratory Judgment Act, 28 U.S.C. §§ 2201 and 2202.

5. This Court has personal jurisdiction over Gracewood because Gracewood has purposely availed itself of the privileges and benefits or the laws of the State of Utah, regularly conducts business within this State and has committed the acts complained of herein within this judicial district.

6. This Court’s exercise of personal jurisdiction over Gracewood is consistent with the Constitutions of the United States and the State of Utah.

7. Venue is proper in this Court pursuant to at least 28 U.S.C. § 1391(b)(1).

Factual Background

8. Handi Quilter makes and sells products in the quilting industry, including products having a smaller frame and designed specifically for home use, such as the “HQ Little Foot Quilting Frame” and “Coronet 16" Long Arm Machine and Frame” products.

9. On October 25, 2016, Handi Quilter received a letter from Nelson Snuffer Dahle & Poulsen, P.C. on behalf of Gracewood (the “Gracewood Letter”). A true and correct copy of the Gracewood Letter is attached hereto as Exhibit A.

10. The Gracewood Letter identifies Gracewood as the owner of United States Patent No. 9,476,151 (the “’151 patent”).

11. The Gracewood Letter includes an express allegation of infringement by Handi Quilter of one or more claims of the ’151 patent, and identifies the “HQ Little Foot Quilting Frame” and “Coronet 16" Long Arm Machine and Frame” as “infringing products manufactured, offered for sale, and sold by Handi Quilter.”

12. Each claim of the ’151 patent requires “a front fabric retainer,” “a rear fabric retainer,” “a first end fabric retainer” and “a second end fabric retainer.”

13. By way of amendment filed during prosecution of the application that resulted in the ’151 patent (the “Amendment”), the following language was added to each claim:

“the front fabric retainer having a front retainer seat and a front retainer clip, the rear fabric retainer having a rear retainer seat and a rear retainer clip, the first end retainer having a first end retainer seat and a first end retainer clip, and the second end retainer having a second end retainer seat and a second end retainer clip,”

14. The Amendment was made in an effort to distinguish the claims as amended from the prior art.

15. The claims as amended by the Amendment were subsequently allowed.

16. The “HQ Little Foot Quilting Frame” and “Coronet 16" Long Arm Machine and Frame” include a front pole, a rear pole, and two side arm poles, with each pole having a smooth surface and no features or structures that would constitute a “retainer seat” or any other manner of structure capable of mating with a “retainer clip.”

17. The “HQ Little Foot Quilting Frame” does not include, at least “a front retainer seat,” “a rear retainer seat,” “a first end retainer seat” or “a second end retainer seat.”

18. The “Coronet 16" Long Arm Machine and Frame” does not include, at least, “a front retainer seat,” “a rear retainer seat,” “a first end retainer seat” or “a second end retainer seat.”

19. Handi Quilter does not make, use, sell, offer for sale, or import any product that includes “a front retainer seat,” “a rear retainer seat,” “a first end retainer seat” or “a second end retainer seat.”

20. Gracewood does not have a good faith basis for alleging infringement by Handi Quilter of any claim of the ’151 patent, either literally or under the doctrine of equivalents.

**First Cause of Action
(Declaratory Judgment of Noninfringement of the ’151 Patent)**

21. Handi Quilter realleges and incorporates the forgoing paragraphs as though fully set forth herein.

22. As a result of the acts described in the foregoing paragraphs, there exists a substantial controversy of sufficient immediacy and reality to warrant the issuance of a declaratory judgment.

23. Handi Quilter is entitled to a declaratory judgment that its “HQ Little Foot Quilting Frame” and “Coronet 16" Long Arm Machine and Frame” do not infringe any claim of the ’151 patent, either literally or under the doctrine of equivalents.

Prayer for Relief

Wherefore, Handi Quilter prays for judgment as follows:

24. A judgment finding Handi Quilter has not infringed any claim of the '151 patent, either literally or under the doctrine of equivalents;
25. A finding that this case is exceptional under 35 U.S.C. § 285;
26. An award of Handi Quilter's costs and attorney fees;
27. For such other and further relief as the Court deems just and equitable.

Demand for Jury Trial

Handi Quilter demands a trial by jury on all claims and issues so triable.

Dated: October 26, 2016.

Respectfully submitted,

MASCHOFF BRENNAN

By: /s/ R. Parrish Freeman

R. Parrish Freeman

Danny R. Barber

Attorneys for Plaintiff
HANDI QUILTER, INC.